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RUEHCN/AMCONSUL CHENGDU 2295
RUEHGZ/AMCONSUL GUANGZHOU 0757
RUEHHK/AMCONSUL HONG KONG 8877
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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000002

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SUBJECT: PRESIDENT CHEN DEFENDS EXISTING POLICIES IN NEW
YEAR'S ADDRESS

REF: 07 TAIPEI 0012

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (C) Summary: In his annual New Year's address on January 1, President Chen did not announce any controversial new initiatives, but defended his existing policies on cross-strait relations, Taiwan's sovereignty, the UN referendum and other issues. Chen promised to keep his international commitments, listed the major accomplishments of his presidency, and stressed that he would protect the democratic election process as prescribed in the Constitution. His relatively positive comments on PRC President Hu Jintao's recent offer to negotiate a peace agreement with Taiwan may have been intended to deflect international pressure over the DPP's controversial UN referendum. End Summary.

Cross-Strait Relations

¶2. (SBU) In the opening section of his 2008 New Year's address, President Chen Shui-bian said, in reference to PRC President Hu Jintao's recent remarks on a possible cross-strait peace agreement: "We wholeheartedly welcome and look favorably on any proposal that might be conducive to maintaining peace and stability across the Taiwan Strait." After a review of his own past proposals for promoting cross-strait peace and stability, Chen argued, however, that the "one China principle poses the biggest obstacle to improving Taiwan-China relations, and he stressed that "normalization of relations between Taiwan and China cannot be advanced if preconditions are already imposed."

¶3. (SBU) Chen detailed China's relentless efforts to "suppress" and "intimidate" Taiwan. According to Chen, China has now deployed 1,328 ballistic missiles opposite Taiwan. Also, "Beijing is poised to designate an 'air defense identification zone' in the Taiwan Strait and open a new civil air route along the median of the Taiwan Strait. In doing so, China is once again challenging and attempting to unilaterally change the status quo in the Taiwan Strait." To face such challenges, Chen maintained, Taiwan needs to unite and "form a new national collective consciousness. Only then can lasting peace and stability be realized in the Taiwan

Strait."

UN Referendum

14. (SBU) According to Chen, Taiwan's "approach of applying for new membership in the WHO and the UN under the name 'Taiwan' has absolutely nothing to do with changing our national moniker." "The efforts of Taiwan's 23 million people to protect their basic human rights cannot be characterized as 'provocative' or misconstrued as attempts to change the status quo in the Taiwan Strait merely because of China's objections." "Taiwan is a sovereign country," Chen stressed, and "its 23 million people have the right to voice their aspiration for UN participation through referendum." Stating that he could not call off the UN referendum, Chen said, "We find it extremely regrettable that, under tremendous pressure from China, the U.S. and EU have expressed varying degrees of opposition to Taiwan's referendum on joining the UN."

15. (SBU) Chen reassured the domestic and international audience that upcoming democratic elections would proceed smoothly and that he would keep his international commitments. "We will, in true democratic spirit, hold regular elections as prescribed in the Constitution, and we will abide by our promises to the international community. In so doing, we will ensure that constitutional order and mandated processes are respected."

Holding the Line on Cross-Strait Economic Policy

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16. (SBU) Arguing that "Taiwan has invested too much rather than too little in China," Chen promised to continue his policy of "proactive management and effective management" of cross-Strait economic links. Chen also claimed that "unrestricted, unsupervised investment in China over the years has been the main factor in the appearance of an M-shaped society in Taiwan." He listed his administration's policies to help central and southern regions, middle- and low-income groups, and small and medium enterprises.

17. (SBU) In conclusion, Chen summarized the accomplishments of his presidency, which included holding Taiwan's first national referendum, "mothballing" the National Unification Council and Guidelines, and renaming the Chiang Kai-shek Memorial Hall as the Taiwan Democracy Memorial Hall. He cited the completion of several major projects, including the High-Speed Railway, the Central Taiwan Science Park, and the longest highway tunnel in Asia. "More importantly," Chen argued, "in strengthening Taiwan-centric consciousness, we have ensured peace and stability in the Taiwan Strait and created a greater space and more solid foundation for the nation's survival and growth." Noting the approaching end of his administration, Chen predicted that "the torch of democracy and progress will be passed on smoothly" to his successor.

Comment

18. (C) Chen did not break new ground or announce new initiatives in his New Year's address. Rather, he defended existing policies, including those on cross-Strait relations and the UN referendum, and summed up what he regarded as the major accomplishments of his presidency. Chen's positive reference to Hu Jintao's recent remarks on Taiwan policy was probably intended to ease international pressure and counter the perception that he seeks confrontation with Beijing for domestic political gain. Chen also tried to allay domestic and international concerns by stressing that he would protect Taiwan's democratic election process and keep his international commitments.

